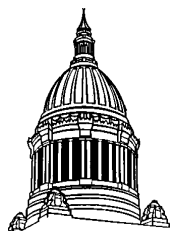


Legislative Guide to the Bottom Line



Implementing Performance-Based Government



Legislative Initiatives

In 1996, the legislature enacted ESSB 6680 which mandated that agencies move toward a performance-based budgeting system. This requires agencies to conduct strategic planning to focus efforts on results, and develop performance measures that encourage monitoring of progress toward achieving those results.

Ultimately agencies will be able to provide the legislature with improved information for use in program policy and resource allocation decisions.

Implementing Performance-Based Budgeting

What is an agency strategic plan?

A strategic plan is a long-term guide to the future that provides direction where an agency intends to go and directs choices for allocation of resources.

How do you know when an agency has developed a good strategic plan?

Scan the strategic plan - Ask the agency these questions . . .

. . . about the mission, vision, goals, and objectives

- ◆ Do you think the average tax payer can understand the mission, vision, goals and objectives of this agency?
- ◆ Can you provide an example of how the mission, vision, goals and objectives are logically connected in this plan?
- ◆ Does this plan clearly identify the primary purpose and activities of this agency? Are the primary client or target groups identified?
- ◆ Where does the plan identify the mandates to support the agency's mission, vision, goals and objectives?

. . . about the performance measures

- ◆ Will these performance measures tell you if the program is successful or making a difference? Give examples.
- ◆ Do these measures quantify your key services and expected results? Is there a target level and a time frame for improving performance?

- ◆ Do these measures reflect how efficiently your services are conducted?
- ◆ Is there agreement on key measures by participants, including the legislature?
- ◆ Are these measures cost-effective and feasible for you to collect?
- ◆ Are you collecting the information now? If so, how are you using the information you collect?
- ◆ How will the information help you make budget and policy recommendations? Management decisions?

. . . about the link to performance budgeting

- ◆ How is your budget tied to your goals and objectives? Can you identify the cost associated with achieving each objective?



Performance-Based Budgeting

A budget which bases resource needs on quantified outcomes/ results expected from use of the total allocation. As opposed to incremental budgeting which focuses on justifying changes from the historic budget or to line-item input-driven budgets.

Typical Strategic Plan Components

Mission

Defines the organization's purpose. It should be concise, understandable, and consistent with the agency's statutory mandate.

Vision

A statement of the organization's preferred future. It should be idealistic, motivating, directive, and logically connected to the mission.

Major Strategies Broad themes for how an agency plans to accomplish its mission. *(Alternate terms: goals, strategic goals, objectives)*

Goals Statements of purpose that identify a desired result or outcome. They should be realistic, achievable, directive, assignable, evaluative, and logically linked to the agency’s mission and statutory mandate. *(Alternate terms: objectives, strategic goals, common goals)*

Objectives Steps toward a goal. They are specific and measurable within a specified time period. They should be assignable, prioritized, time-phased, and have resource estimates. *(Alternate terms: goals, action steps)*

Performance Measures Quantifiable indicators reflecting progress in achieving goal:

- ◆ **Outcome Measure**
Results or service impact
- ◆ **Efficiency Measure**
Cost per service
- ◆ **Output Measure**
Productivity or quantity of service

**Performance Budget
Hypothetical Example**
“State Health Services Department”

Mission

On behalf of the people of the state, the State Health Services Department assures the health of current and future generations through education, assessment, intervention, prevention, service delivery, and advancement of public policies.

↓
Major Strategy
(one of several)

Reduce the risk of communicable disease through prevention.

↓
Goal
(one of several)

The state will experience the lowest incidence of preventable childhood diseases in the nation.

↓
Objective
(one of several)

By June 30, 1999, the incidence of pertussis will be reduced to 1 case per 100,000 children living in the state by:

- 1) Expanding the vaccination program in targeted areas of the state; and
- 2) Streamlining the service delivery process.

↓

Performance Measures	
Output Measure	Number of children immunized for pertussis in Washington State.
Efficiency Measure	Cost per pertussis immunization delivered.
Outcome Measure	Number of pertussis cases reported per 100,000 children living in Washington State.

**Legislative Agencies Promote
Implementation of Mandate**

The Joint Legislative Audit and Review Committee (JLARC), the Legislative Transportation Committee (LTC), and the Legislative Evaluation and Accountability Program Committee (LEAP) are working together with other interested parties in state government to promote successful implementation of the mandated performance-based government system.

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